GOVERNMENT OF INDIA
NEW AND RENEWABLE ENERGY
LOK SABHA

UNSTARRED QUESTION NO:3571
ANSWERED ON:23.03.2017
Viability of Solar Projects
Arunmozhithevan Shri A.

Will the Minister of NEW AND RENEWABLE ENERGY be pleased to state:

(a) whether the viability of solar projects at a low tariff of about Rs.3/- per unit, which was realized recently, would critically depend on the cost of long-term debt and also the continuance of low prices of solar modules and if so, the details thereof;
(b) whether the recently-conducted bid for three 250 MW units of the Rewa Plant in Madhya Pradesh witnessed the tariff falling below Rs.3/- per unit, sparking some concern in the industry that the tariffs were becoming unviably low and if so, the details thereof; and
(c) the steps being taken/proposed to be taken by the Government in this regard?

Answer

THE MINISTER OF STATE FOR POWER, COAL, NEW & RENEWABLE ENERGY AND MINES (INDEPENDENT CHARGE) (SHRI PIYUSH GOYAL)

(a): The tariff of Rs. 2.97, Rs. 2.974 and Rs.2.979 per kWh discovered for the three 250 MW units each of Rewa project is first year tariff with 5 paise per year increase for 15 years. The levelized tariff of Rewa project would be around Rs 3.30/ kWh. The tariff so discovered would depend inter alia on the cost of long term debt and prices of solar modules. Further, tariff of Rewa project has been lower on account of effective mitigation of risks under the PPAs (Power Purchase Agreements), bankability and robust project preparation process.
(b): No Madam.
(c): Question does not arise.
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